

**Bruce-Grey Catholic District
School Board
Consolidated Financial
Statements**
For the year ended August 31, 2016

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BRUCE-GREY CATHOLIC DISTRICT SCHOOL BOARD

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MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Bruce-Grey Catholic District School Board are the responsibility of the Board management and have been prepared in compliance with Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, as described in Note 1 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management and by the Board's internal auditors.

The Board meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the Board. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

Handwritten signature of James McKinnon in blue ink.

Director of Education
James McKinnon

Handwritten signature of Alecia Lantz in blue ink.

Superintendent of Business
Alecia Lantz

November 7, 2016



Tel: 519 881 1211
Fax: 519 881 3530

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BDO Canada LLP
121 Jackson Street
PO Box 760
Walkerton ON N0G 2V0 Canada

Independent Auditor's Report

To the Board of Trustees of Bruce-Grey Catholic District School Board

We have audited the accompanying consolidated financial statements of Bruce-Grey Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2016, the consolidated statements of operations, cash flow and change in net debt for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the basis of accounting described in Note 1 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

In our opinion, the consolidated financial statements of Bruce-Grey Catholic District School Board for the year ended August 31, 2016 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

"BDO CANADA LLP"

Chartered Professional Accountants, Licensed Public Accountants

Walkerton, Ontario
November 7, 2016

Bruce-Grey Catholic District School Board Consolidated Statement of Financial Position

August 31	2016	2015
Financial assets		
Cash and cash equivalents	\$ 6,870,589	\$ 7,735,748
Accounts receivable (Note 2)	11,894,478	10,308,978
Total financial assets	18,765,067	18,044,726
Financial liabilities		
Accounts payable and accrued liabilities	3,687,358	2,442,588
Net debenture debt and capital loans (Note 3)	7,439,813	7,676,414
Deferred capital contributions (Note 4)	41,681,191	39,325,826
Deferred revenue - reserves (Note 5)	690,224	1,973,139
Employee future benefits liability (Note 6)	143,721	161,277
Total financial liabilities	53,642,307	51,579,244
Net debt	(34,877,240)	(33,534,518)
Non-financial assets		
Inventories of supplies	295,181	184,878
Tangible capital assets (Note 14)	43,864,750	41,598,265
Total non-financial assets	44,159,931	41,783,143
Accumulated surplus (Note 15)	\$ 9,282,691	\$ 8,248,625

On behalf of the Board:



Director of Education



Chair of the Board

Bruce-Grey Catholic District School Board Consolidated Statement of Operations

For the year ended August 31	Budget	2016	2015
Revenues			
Provincial legislative grants (Note 9)	\$46,795,410	\$47,358,573	\$ 45,540,669
Provincial grants - other	1,194,681	1,415,932	1,688,294
School generated funds	1,658,900	1,772,055	1,865,410
Federal grants and fees	757,498	696,050	712,565
Investment income	60,000	50,960	69,410
Other revenues - school boards	-	-	800
Other fees and revenues	113,300	463,235	91,981
Amortization of deferred capital contributions	2,460,904	2,541,487	2,129,961
	<u>53,040,693</u>	<u>54,298,292</u>	<u>52,099,090</u>
Expenses			
Instruction	38,888,390	38,968,746	37,291,807
Administration	2,751,495	2,593,554	2,592,471
Transportation	3,857,723	3,818,380	3,746,478
Pupil accommodation	6,018,185	6,078,295	6,044,715
School funded activities	1,658,900	1,805,251	1,828,833
	<u>53,174,693</u>	<u>53,264,226</u>	<u>51,504,304</u>
Annual surplus (deficit)	(134,000)	1,034,066	594,786
Accumulated surplus at beginning of year	8,248,625	8,248,625	7,653,839
Accumulated surplus at end of year	\$ 8,114,625	\$ 9,282,691	\$ 8,248,625

The accompanying notes are an integral part of these consolidated financial statements.

Bruce-Grey Catholic District School Board Consolidated Statement of Cash Flow

For the year ended August 31	2016	2015
Operating activities		
Annual surplus	\$ 1,034,066	\$ 594,786
Sources and (uses)		
Non cash items - amortization	2,675,160	2,263,531
Non cash items - loss on capital assets	180,381	179,286
Decrease (increase) in accounts receivable	(1,585,500)	2,937,859
Decrease (increase) in prepaid supplies	(110,303)	42,515
Increase (decrease) in accounts payable and accrued liabilities	1,244,772	(715,154)
Increase (decrease) in deferred revenues	(1,282,915)	55,640
Increase in deferred capital contributions	2,355,365	146,911
Increase (decrease) in employee future benefits liability	(17,556)	(63,428)
Net increase in cash from operations	<u>4,493,470</u>	<u>5,441,946</u>
Capital activities		
Purchase of tangible capital assets	<u>(5,122,027)</u>	<u>(2,456,158)</u>
Financing activities		
Debt principal repayments	<u>(236,602)</u>	<u>(225,583)</u>
Change in cash and cash equivalents	(865,159)	2,760,205
Cash and cash equivalents, beginning of year	<u>7,735,748</u>	<u>4,975,543</u>
Cash and cash equivalents, end of year	<u>\$ 6,870,589</u>	<u>\$ 7,735,748</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Bruce-Grey Catholic District School Board
Consolidated Statement of Change in
Net Debt**

For the year ended August 31	Budget	2016	2015
Annual surplus (deficit)	\$ (134,000)	\$ 1,034,066	\$ 594,786
Tangible capital asset activity			
Acquisition of tangible capital assets	(2,855,453)	(5,122,027)	(2,456,158)
Amortization of tangible capital assets	2,594,904	2,675,160	2,263,531
Loss on sale of tangible capital assets	-	180,381	179,286
Acquisition of supplies inventories	-	(110,302)	42,515
Decrease (increase) in net debt	(394,549)	(1,342,722)	623,960
Net debt at beginning of year	(33,534,518)	(33,534,518)	(34,158,478)
Net debt at end of year	\$ (33,929,067)	\$ (34,877,240)	\$ (33,534,518)

The accompanying notes are an integral part of these consolidated financial statements.

Bruce-Grey Catholic District School Board Consolidated Schedule of School Activities Fund

For the year ended August 31	2016	2015
Revenue		
School fundraising and other revenues	\$ 1,772,055	\$ 1,865,410
Expenses		
School funded activities	1,805,251	1,828,833
Net revenue (expenses)	(33,196)	36,577
Net transfers (to) from other funds	-	-
Change in school activities fund balance	(33,196)	36,577
School activities fund balance, beginning of year	655,869	619,292
School activities fund balance, end of year	\$ 622,673	\$ 655,869

The accompanying notes are an integral part of these consolidated financial statements.

Bruce-Grey Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2016

1. Summary of Significant Accounting Policies

The consolidated financial statements are prepared by management in accordance with the basis of accounting described below.

Basis of Accounting

These consolidated financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act.

The Financial Administration Act requires that the consolidated financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards are a result of regulation.

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

The accounting policy requirements under Regulation 395/11 are significantly different from the requirements of Canadian public sector accounting standards which requires that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;

Bruce-Grey Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2016

1. Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

As a result, revenue recognized in the statement of operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Board and which are controlled by the Board.

School generated funds, which include the assets, liabilities, revenues and expenses of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

Trust Funds

Trust funds and their related operations administered by the Board are not included in the consolidated financial statements as they are not controlled by the Board.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days.

Deferred Revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

Bruce-Grey Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2016

1. Summary of Significant Accounting Policies (continued)

Deferred Capital Contributions

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, shall be recognized as deferred capital contribution as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

- Government transfers received or receivable for capital purpose
- Other restricted contributions received or receivable for capital purpose
- Property taxation revenues which were historically used to fund capital assets

Tangible Capital Assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization. Tangible capital assets, except land, are amortized on a straight-line basis over the estimated useful life of the assets.

Land improvements with finite lives	15 years
Buildings	20/40 years
Portable structures	20 years
Other buildings	20 years
Furniture	10 years
Equipment	5/10/15 years
Computer equipment	5 years
Computer software	5 years
Vehicles	10 years

Assets under construction and assets that related to pre-acquisition and pre-construction costs are not amortized until the asset is available for productive use.

Buildings permanently removed from service and held for disposal cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value.

Bruce-Grey Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2016

1. Summary of Significant Accounting Policies (continued)

Retirement and Other

Employee Future Benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension and worker's compensation benefits. The Board has adopted the following policies with respect to accounting for these employee benefits:

i) For those self insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period.

iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

Government Transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

Government transfers for capital are deferred as required by Regulation 395/11, recorded as deferred capital contributions (DCC) and recognized as revenue in the consolidated statement of operations at the same rate and over the same period as the asset is amortized.

Investment Income

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds such as pupil accommodation and special education forms part of the respective deferred revenue balances.

Bruce-Grey Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2016

1. Summary of Significant Accounting Policies (continued)

Budget Figures	Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. The budget figures are unaudited.
Use of Estimates	The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. The principal estimates used in the preparation of these financial statements are the determination of the collectibility of accounts receivable, the determination of prepaid supplies, the estimated useful life of property, plant and equipment and valuation of property, plant and equipment when testing for possible impairment. Actual results could differ from management's best estimates as additional information becomes available in the future.
Property Tax Revenue	Under Public Sector Accounting Standards, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the Board, is the Province of Ontario. As a result, property tax revenue received from the municipalities is recorded as part of Provincial Legislative Grants.

2. Accounts Receivable - Government of Ontario

The Province of Ontario (Province) has replaced variable capital funding with a one-time debt support grant in 2009-10. The Bruce Grey Catholic District School Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an accounts receivable from the Province of Ontario of \$9,432,894 as at August 31, 2016 (\$8,107,569 as at August 31, 2015) with respect to capital grants.

Bruce-Grey Catholic District School Board Notes to the Consolidated Financial Statements

August 31, 2016

3. Net Long-Term Liabilities

Debenture debt reported on the Consolidated Statement of Financial Position comprises of the following:

	2016	2015
Debenture - Good Places to Learn	\$ 2,725,152	\$ 2,819,761
Debenture - Primary Class Size	322,128	331,924
Debenture - Prohibitive to Repair	3,434,693	3,538,465
Debenture - New Pupil Places	313,989	323,760
Debenture - Capital Priorities	643,851	662,504
	\$ 7,439,813	\$ 7,676,414

Ontario Financing Authority - First Debenture

Interest @ 4.56% payable in semi-annual blended payments of \$30,713, fully repaid November 2031. Pursuant to subsection 39(9) paragraph 40 of Regulation 341/06 under the Education Act, the Board receives funding from the Ministry of Education for the payment of interest and principal related to this debt.

Ontario Financing Authority - Second Debenture

Interest @ 4.90% payable in semi-annual blended payments of \$16,278, fully repaid March 2033. Pursuant to subsection 39(9) paragraph 40 of Regulation 341/06 under the Education Act, the Board receives funding from the Ministry of Education for the payment of interest and principal related to this debt.

Ontario Financing Authority - Third Debenture

Interest @ 5.062% payable in semi-annual blended payments of \$12,453, fully repaid March 2034. Pursuant to subsection 39(9) paragraph 40 of Regulation 341/06 under the Education Act, the Board receives funding from the Ministry of Education for the payment of interest and principal related to this debt.

Ontario Financing Authority - Fourth Debenture

Interest @ 5.232% payable in semi-annual blended payments of \$149,367, fully repaid April 2035. Pursuant to subsection 39(9) paragraph 40 of Regulation 341/06 under the Education Act, the Board receives funding from the Ministry of Education for the payment of interest and principal related to this debt.

Ontario Financing Authority - Fifth Debenture

Interest @ 4.833% payable in semi-annual blended payments of \$46,972, fully repaid March 2036. Pursuant to subsection 39(9) paragraph 40 of Regulation 341/06 under the Education Act, the Board receives funding from the Ministry of Education for the payment of interest and principal related to this debt.

Bruce-Grey Catholic District School Board Notes to the Consolidated Financial Statements

August 31, 2016

3. Net Long-Term Liabilities (continued)

Ontario Financing Authority - Sixth Debenture

Interest @ 3.970% payable in semi-annual blended payments of \$11,264, fully repaid November 2036. Pursuant to subsection 39(9) paragraph 40 of Regulation 341/06 under the Education Act, the Board receives funding from the Ministry of Education for the payment of interest and principal related to this debt.

Ontario Financing Authority - Seventh Debenture

Interest @ 3.799% payable in semi-annual blended payments of \$35,239, fully repaid March 2038. Pursuant to subsection 39(9) paragraph 40 of Regulation 341/06 under the Education Act, the Board receives funding from the Ministry of Education for the payment of interest and principal related to this debt.

Payments relating to net long-term liabilities of \$7,439,813 outstanding as at August 31, 2016 are due as follows:

	Principal	Interest	Total
2017	\$ 248,162	\$ 356,411	\$ 604,573
2018	260,295	344,278	604,573
2019	273,028	331,545	604,573
2020	286,390	318,183	604,573
2021	300,413	304,160	604,573
Thereafter	6,071,525	2,359,483	8,431,008
Net long-term liabilities	<u>\$ 7,439,813</u>	<u>\$ 4,014,060</u>	<u>\$ 11,453,873</u>

4. Deferred Capital Contributions

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

	2016	2015
Opening balance	\$ 39,325,826	\$ 39,178,915
Additions to deferred capital contributions	5,077,234	2,456,158
Disposals of deferred capital contributions	(180,382)	(179,286)
Revenue recognized in the period	(2,541,487)	(2,129,961)
	<u>\$41,681,191</u>	<u>\$ 39,325,826</u>

Bruce-Grey Catholic District School Board Notes to the Consolidated Financial Statements

August 31, 2016

5. Deferred Revenue

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Consolidated Statement of Financial Position.

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2016 is comprised of:

	Balance as at August 31, 2015	Externally Restricted Revenue	Revenue recognized in the period	Transfers (to) deferred capital contributions	Balance as at August 31, 2016
School Renewal	\$ 1,146,647	\$ 888,938	\$ -	\$ 2,033,741	\$ 1,844
School Condition Improvement	336,114	-	-	336,114	-
Retrofitting School Space for Child Care	70,093	-	-	70,093	-
Minor Tangible Capital Assets	-	1,194,556	139,594	1,054,962	-
Special Education	147,453	6,762,443	6,748,692	-	161,204
School Generated Funds - Capital	-	49,509	-	49,509	-
Interest on Capital	-	368,444	368,444	-	-
Other	272,832	1,829,052	1,574,708	-	527,176
Total Deferred Revenue	\$ 1,973,139	\$ 11,092,942	\$ 8,831,438	\$ 3,544,419	\$ 690,224

Bruce-Grey Catholic District School Board Notes to the Consolidated Financial Statements

August 31, 2016

6. Other Employee Future Benefits

	Employee Sick Leave Benefits	Other Employee Future Benefits	2016 Total	2015 Total
Employee Future Benefit Obligations	\$ 16,700	\$ 127,021	\$ 143,721	\$ 161,277
Unamortized Actuarial Loss	-	-	-	-
Employee Future Benefit Liability	<u>\$ 16,700</u>	<u>\$ 127,021</u>	<u>\$ 143,721</u>	<u>\$ 161,277</u>
Employee Future Benefit Expenses (1)	<u>\$ 3,515</u>	<u>\$ 21,071</u>	<u>\$ 24,586</u>	<u>\$ 62,230</u>

(1) Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan described hereafter.

Plan Changes

In 2013, changes were made to the short term leave and disability plan. Under the new short term leave and disability plan, 11 unused sick leave days may be carried forward into the following year only, to be used to top-up benefits received under the short term leave and disability plan in that year. A new provision was established as of August 31, 2013 representing the expected usage of sick days that have been carried forward for benefit top-up in the following year.

Actuarial Assumptions

The accrued benefit obligations for employee future benefits as at August 31, 2016 are based on actuarial valuations for accounting purposes as at August 31, 2016. These actuarial valuations take into account the plan changes outlined above and the economic assumptions used in the valuations are the Board's best estimate of expected rates of:

	2016	2015
Inflation	2.00%	2.00%
Discount on accrued benefit obligations	2.05%	2.45%

Bruce-Grey Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2016

6. Other Employee Future Benefits (continued)

Retirement Benefits

(a) Ontario Teacher's Pension Plan

Teachers and related employee groups are eligible to be members of the Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's financial statements.

(b) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees' Retirement System (OMERS) a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan.

During the year ended August 31, 2016, the Board contributed \$546,874 (2015 - \$577,201) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements. As of December 31, 2015 the Ontario Municipal Employees Retirement System had a year end deficit of \$4.7 million (2015 - \$4.8 million) per their audited financial statements.

Other Employee Future Benefits

(c) Workplace Safety & Insurance Board Obligations

The Board is a Schedule 2 employer under the Workplace Safety & Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board funds these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

(d) Sick Leave Top-Up Benefits

As a result of the plan changes, the Board's liability related to compensated absences from sick leave accumulations was eliminated, resulting in a one-time reduction to the obligation of \$1,416,244 and a corresponding curtailment gain was reported in the consolidated statement of operations and accumulated surplus (deficit) as at August 31, 2012.

As a result of new changes made in 2013 to the short term sick leave and disability plan, a maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are \$3,515 (2015 - \$(599)).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2013. This actuarial valuation is based on assumptions about future events.

Bruce-Grey Catholic District School Board Notes to the Consolidated Financial Statements

August 31, 2016

7. Debt Charges and Capital Loan Interest

The expenses for debt charges and capital loan interest includes principal and interest payments as follows:

	2016	2015
Principal payments on long-term liabilities	\$ 236,602	\$ 225,583
Interest payments on long-term liabilities	\$ 367,973	\$ 378,990

8. Ontario School Board Insurance Exchange

The school board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$2,000,000 per occurrence.

The ultimate premiums over a five year period are based on the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five year term expires December 31, 2016.

9. Provincial Legislative Grants

The following is a summary of the Provincial Legislative Grants revenue:

	2016 Budget	2016 Actual	2015 Actual
Grants for student needs	\$ 39,779,262	\$ 40,411,538	\$ 38,530,813
Local taxation	7,016,148	6,947,035	7,009,856
	\$46,795,410	\$47,358,573	\$ 45,540,669

Bruce-Grey Catholic District School Board Notes to the Consolidated Financial Statements

August 31, 2016

10. Expenses by Object

The following is a summary of the current and capital expenses reported on the Consolidated Statement of Financial Activities by object:

	2016 Budget	2016 Actual	2015 Actual
Current expenses			
Salary and wages	\$33,163,906	\$34,126,997	\$ 33,037,309
Employee benefits	6,118,444	5,131,690	4,917,277
Staff development	496,658	138,803	331,024
Supplies and services	3,125,887	3,678,385	3,692,514
Interest on long-term debt	367,973	367,973	378,990
Rental	64,140	52,922	56,073
Fees and contract services	5,564,981	4,962,288	4,603,862
Other	18,900	15,156	96,129
Transfer to other boards	-	129,219	119,476
Amortization and write downs	2,594,904	2,855,541	2,442,817
School funded activities	1,658,900	1,805,252	1,828,833
	\$53,174,693	\$53,264,226	\$ 51,504,304

11. Trust Funds

Trust funds administered by the Board have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations. As at August 31, 2016, the trust fund balances are as follows:

	2016	2015
Scholarship Trust Funds	\$ 513,021	\$ 504,904
Charitable Trust Funds	685,780	656,164
	\$ 1,198,801	\$ 1,161,068

Bruce-Grey Catholic District School Board Notes to the Consolidated Financial Statements

August 31, 2016

12. Bank Operating Loan

The Board has a credit facility agreement with Royal Bank of Canada consisting of a demand operating loan bearing interest at bank prime minus 0.2%. The total credit capacity under this facility is \$4,000,000. The agreement contains covenants regarding reporting and compliance requirements.

13. Benefit Plan Future Changes

Currently, the Board provides health, dental and life insurance benefits for certain employees and retired individuals from school boards and has assumed liability for payment of benefits under these plans. As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, Employee Life and Health Trusts (ELHTs) will be established in 2016-17 for the following employee groups: OECTA, CUPE, EWAO and non-unionized employees including principals and vice-principals. The ELHTs will provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to a school board's participation date into the ELHT. These benefits will be provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Starting February 1, 2017, the Board will no longer be responsible to provide benefits to the above mentioned groups. The Board will transfer to the ELHTs an amount per full-time equivalency based on the 2014-15 actual benefit costs + 8.16% representing inflationary increases for 2015-16 and 2016-17. In addition, the Ministry of Education will provide an additional \$300 per FTE for active employees to the school board. These amounts will then be transferred to the Trust for the provision of employee and retiree benefits.

14. Tangible Capital Assets

Amortization is provided on a straight-line basis over the estimated useful life of the assets. The board has \$882,082 (2015 - \$601,890) in tangible capital assets not being amortized as they are under construction or are work in progress. Amortization of these assets will commence when the assets are put into service.

Pre-acquisition assets having a value of \$125,285 (2015 - \$117,678) have not been amortized. Amortization of these assets will commence when the asset is put into service.

The write-off of fully amortized pooled tangible capital assets during the year was \$1,925,622 (2015 - \$756,170).

The write-down of tangible capital assets during the year was \$180,382 (2015 - \$179,286).

Bruce-Grey Catholic District School Board Notes to the Consolidated Financial Statements

August 31, 2016

14. Tangible Capital Assets (continued)

	2015 Opening Cost	Additions and Transfers	Disposals	2015 Closing Cost
Land	\$ 1,737,652	\$ -	\$ -	\$ 1,737,652
Land improvements	434,009	42,799	-	476,808
Buildings	51,507,967	5,344,726	(316,498)	56,536,195
Portable structures	386,433	498,390	-	884,823
Other buildings	19,883	18,108	-	37,991
Construction in progress	4,644,328	(4,042,438)	-	601,890
Pre-acquisition	470,729	(353,051)	-	117,678
Furniture	108,592	44,766	(1,812)	151,546
Equipment	3,391,684	136,674	(232,987)	3,295,371
Computer equipment	3,819,941	608,213	(384,159)	4,043,995
Computer software	572,565	157,971	-	730,536
Vehicles	39,910	-	-	39,910
	<u>\$ 67,133,693</u>	<u>\$ 2,456,158</u>	<u>\$ (935,456)</u>	<u>\$ 68,654,395</u>

	2015 Opening Accumulated Amortization	Amortization Expense	Disposals	2015 Closing Accumulated Amortization
Land improvements	\$ 114,693	\$ 30,361	\$ -	\$ 145,054
Buildings	21,725,898	1,215,918	(141,492)	22,800,324
Portable structures	316,107	13,188	-	329,295
Other buildings	994	994	-	1,988
Furniture	23,708	10,884	(1,812)	32,780
Equipment	1,357,670	291,678	(228,707)	1,420,641
Computer equipment	1,720,685	610,607	(384,159)	1,947,133
Computer software	288,157	85,910	-	374,067
Vehicles	857	3,991	-	4,848
	<u>\$ 25,548,769</u>	<u>\$ 2,263,531</u>	<u>\$ (756,170)</u>	<u>\$ 27,056,130</u>

Net Book Value	2015	2014
Land	\$ 1,737,652	\$ 1,737,652
Land improvements	331,754	319,316
Buildings	33,735,871	29,782,069
Portable structures	555,528	70,326
Other buildings	36,003	18,889
Construction in progress	601,890	4,644,328
Pre-acquisition	117,678	470,729
Furniture	118,766	84,884
Equipment	1,874,730	2,034,014
Computer equipment	2,096,862	2,099,256
Computer software	356,469	284,408
Vehicles	35,062	39,053
	<u>\$ 41,598,265</u>	<u>\$ 41,584,924</u>

Bruce-Grey Catholic District School Board Notes to the Consolidated Financial Statements

August 31, 2016

14. Tangible Capital Assets (continued)

	2016 Opening Cost	Additions and Transfers	Disposals	2016 Closing Cost
Land	\$ 1,737,652	\$ -	\$ -	\$ 1,737,652
Land improvements	476,808	175,272	-	652,080
Buildings	56,536,195	3,274,406	(317,551)	59,493,050
Portable structures	884,823	329,587	(205,100)	1,009,310
Other buildings	37,991	-	-	37,991
Construction in progress	601,890	280,192	-	882,082
Pre-acquisition	117,678	7,607	-	125,285
Furniture	151,546	18,175	(3,769)	165,952
Equipment	3,295,371	297,077	(221,308)	3,371,140
Computer equipment	4,043,995	618,783	(1,076,753)	3,586,025
Computer software	730,536	114,032	(281,523)	563,045
Vehicles	39,910	6,896	-	46,806
	\$ 68,654,395	\$ 5,122,027	\$ (2,106,004)	\$ 71,670,418

	2016 Opening Accumulated Amortization	Amortization Expense	Disposals	2016 Closing Accumulated Amortization
Land improvements	\$ 145,054	\$ 33,853	\$ -	\$ 178,907
Buildings	22,800,324	1,454,144	(141,492)	24,112,976
Portable structures	329,295	35,343	(205,100)	159,538
Other buildings	1,988	1,900	-	3,888
Furniture	32,780	14,933	(3,769)	43,944
Equipment	1,420,641	293,957	(216,985)	1,497,613
Computer equipment	1,947,133	742,093	(1,076,753)	1,612,473
Computer software	374,067	94,716	(281,523)	187,260
Vehicles	4,848	4,221	-	9,069
	\$ 27,056,130	\$ 2,675,160	\$ (1,925,622)	\$ 27,805,668

Net Book Value	2016	2015
Land	\$ 1,737,652	\$ 1,737,652
Land improvements	473,173	331,754
Buildings	35,380,074	33,735,871
Portable structures	849,772	555,528
Other buildings	34,103	36,003
Construction in progress	882,082	601,890
Pre-acquisition	125,285	117,678
Furniture	122,008	118,766
Equipment	1,873,527	1,874,730
Computer equipment	1,973,552	2,096,862
Computer software	375,785	356,469
Vehicles	37,737	35,062
	\$ 43,864,750	\$ 41,598,265

Bruce-Grey Catholic District School Board Notes to the Consolidated Financial Statements

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15. Accumulated Surplus

Accumulated surplus consists of the following:

	2016	2015
Operating accumulated surplus	\$ 3,540,360	\$ 2,384,220
Internally appropriated surplus	3,382,006	3,470,884
School generated funds	622,673	655,869
Land	1,737,652	1,737,652
	\$ 9,282,691	\$ 8,248,625

16. Partnership in Student Transportation Service Consortium of Grey-Bruce

On January 31, 2007, the Board entered into an agreement with the Bluewater District School Board and the Conseil Scolaire des ecoles catholiques du Sud-Ouest in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under this agreement, decisions related to the financial and operating activities of the Partnership are shared. No partner is in a position to exercise unilateral control. Effective September 1, 2012, the Conseil Scolaire des ecoles catholiques du Sud-Ouest was no longer part of the consortium.

The Board's consolidated financial statements reflect proportionate consolidation, whereby they include the assets that it controls, the liabilities that it has incurred, and its pro-rata share of revenues and expenses.

The following provides condensed financial information.

	2016		2015	
	Total	Board Portion	Total	Board Portion
Financial Position:				
Financial assets	\$ -	\$ -	\$ -	\$ -
Liabilities	-	-	-	-
Non-financial assets	-	-	-	-
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Accumulated surplus	\$ -	\$ -	\$ -	\$ -
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Operations:				
Revenues	\$ 468,453	\$ 197,916	\$ 464,177	\$ 190,698
Expenses	(468,453)	(197,916)	(464,177)	(190,698)
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Annual surplus	\$ -	\$ -	\$ -	\$ -
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